

News Release

For release: 9 June 2017

Update on ANZ interest rates

- Reduces rates on principal and interest loans; increase on interest-only -

ANZ today announced a five basis point reduction in variable interest rates for customers paying principal and interest on their home loans, taking the bank's standard variable rate for owner-occupiers to the lowest of major banks at 5.20%pa¹.

The decrease will benefit more than 80% of ANZ's customers with an owner-occupier home loan. Customers with an investor loan paying principal and interest will also benefit from a five basis point reduction on their standard variable rates¹.

Variable interest-only home loan rates for investors and owner-occupiers will increase 30 basis points in response to regulatory and market conditions^{1,2}.

ANZ Group Executive Australia Fred Ohlsson said: "Many Australians are finding it difficult to manage household budgets at present and ANZ is pleased to be able to reduce rates for the majority of our customers who are working hard to pay off their homes.

"While we know those only paying interest on their loans will be disappointed, we need to manage our regulatory obligations and we are now required to hold additional capital against our home loans. We also need to better balance our portfolio towards those paying off their homes.

"There are clear benefits for our customers to be paying off their loans and we have made this as easy as possible by removing fees associated with moving across from interest-only loans.

Mr Ohlsson added: "Today's decision is not in response to the recently announced bank levy and we are still to determine the final impact of the tax.

"We do however recognise the work regulators are doing to manage the growth of both investor and interest-only loans and we will continue to be transparent on the impact this will have on how we structure and price our home loan products," he said.

All changes are effective 16 June. Customers concerned about interest rates and their ability to make repayments should visit any ANZ branch or anz.com, or call 131314 to discuss.

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RATES announced at 11am on 9 June 2017	ANZ	WBC	NAB	CBA
Owner-occupier P&I	-5bps to 5.20%pa	5.32%pa	5.32%pa	5.25%pa
Investor P&I	-5bps to 5.80%pa	5.79%pa	5.80%pa	5.80%pa
Owner-occupier Interest-only	+30bps to 5.75%pa	5.49%pa	5.42%pa	5.47%pa
Investor Interest-only	+30bps to 6.26%pa	5.96%pa	5.90%pa	5.94%pa

¹ Excludes ANZ Simplicity PLUS

² ANZ Equity Manager rate increases 30 basis points to 6.37%pa